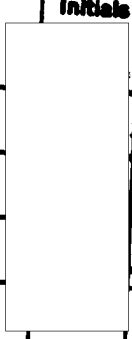


ROUTING AND TRANSMITTAL SLIP		Date
		21 Nov 86
TO: (Name, office symbol, room number, building, Agency/Post)		Initials Date
1. EXA/DA		1986
2. MS/DA		NOV 1986
3. ADDA		NOV 1986
4. DDA		26 NOV 1986
5. DDA/Registry		
Action	File	Note and Return
Approval	For Clearance	Per Conversation
As Requested	For Correction	Prepare Reply
Circulate	For Your Information	See Me
Comment	Investigate	Signature
Coordination	Justify	

REMARKS

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D/Personnel received info copy.

Looks like a good one to duck.

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DO NOT use this form as a RECORD of approvals, concurrences, disposals, clearances, and similar actions

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8041-102

OPTIONAL FORM 41 (Rev. 7-76)
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EXECUTIVE SECRETARIAT
ROUTING SLIP

TO:

		ACTION	INFO	DATE	INITIAL
1	DCI				
2	DDCI				
3	EXDIR				
4	D/ICS				
5	DDI				
6	DDA		(X)		
7	DDO				
8	DDS&T				
9	Chm/NIC				
10	GC				
11	IG				
12	Compt		X		
13	D/OLL				
14	D/PAO				
15	VC/NIC				
16	D/PERS		(X)		
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SUSPENSE _____
Date _____

Remarks

STAT



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
 WASHINGTON, D.C. 20503

86-5423x

November 12, 1986



M-87-11

MEMORANDUM FOR HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM: James C. Miller III
 Director

SUBJECT: FY 1987 A-76 Targets and Employee Incentives for Contracting Out

OMB Circular A-76 seeks to reduce the cost of Federally-operated commercial activities through cost comparisons with the private sector and in-house efficiency reviews; it is an important component of the President's management improvement program: Reform '88. During this Administration, it has produced savings of 30,000 FTEs and \$500 million annually. However, it is clear that more can be done. Accordingly, the Administration has set a Government-wide goal to review an additional 47,000 FTEs in FY 1987. Each of you has been given a portion of that goal, and the associated savings have been incorporated into the FY 1987 budgets. We are committed to the aggressive implementation of the Circular, and fully expect each agency to meet or exceed its goals.

However, we are mindful of the possible effects cost comparisons may have on Federal employees. The President's Council on Management Improvement (POMI) has identified a variety of imaginative and constructive incentives to minimize these effects and to assist you in achieving your goal. They can be grouped into five major categories:

- o Employee-owned businesses. Agencies would encourage employees to form their own businesses and take over their former Government jobs as private contractors. Former employees could share in the benefits of privatization through stock ownership and increased control over their own destinies.
- o Retirement and pay policy changes. Several changes were identified to make the retirement system more portable. They include such options as paying interest on the employee contribution; providing inflation protection to retirement checks; and crediting social security quarters to employees who leave the retirement system and transferring the employing agencies' contributions from CSRS to the Social Security Trust Fund. Granting severance pay to employees hired by the contractor was also considered.

DD/A REGISTRY

FILE:

60-7

candidate by November 28, 1986. We will review your submissions and select the pilot projects from among them. Once the pilot projects are selected, they will be incorporated into the FY 1987 Management Improvement Plans.

PCMI members and A-76 managers have been briefed on these incentives and the proposed test. If your agency has additional questions, Ms. Frances P. Clark, who can be reached at 395-5017, is available to assist.

Attachment

Attachment

**EMPLOYEE INCENTIVES PILOT PROJECTS
INFORMATION SHEET**

1. Type of Pilot Project:
Employee-owned business_____.
Incentives_____. FED CO-OP_____.
2. Name of Activity/Function._____.
3. Name of Person to Contact._____.
Phone number._____.
4. Location of Activity/Function._____.
5. Brief description of Activity/Function._____.
6. Annual budget. (\$ value)_____. One-year funds_____.
Multi-year funds_____.
7. Number of authorized FTE._____.
8. Union representation. (if represented by union identify
which union)_____.
9. Capital assets:
Real _____ (\$ value)_____.
Personal _____ (\$ value)_____.
Total _____ (\$ value)_____.
10. Employees informed and/or supportive._____.
11. Earliest start date._____.